Notes to the Company annual financial statements continued

	2018 R'000	2017 R'000

N RELATED PARTIES

Related party transactions exist between the Company and other subsidiaries within the Adcock Ingram Group. All transactions with related parties are concluded at arm's length.

The following related party transactions occurred:

Interest received		
Adcock Ingram Healthcare Proprietary Limited	**6 281**	1 852
Dividends received		
Adcock Ingram Intellectual Property Proprietary Limited	**–**	245 000
Adcock Ingram Limited India	**15 759**	5 387
	15 759	250 387
Dividends Paid		
Adcock Ingram Limited	**6 942**	5 014

The related balances (where applicable) are shown in note F. Refer to Annexure H for nature of the relationships of related parties.

O FINANCIAL INSTRUMENTS

FAIR VALUE HIERARCHY

The classification of financial instruments and the fair value hierarchy are as follows:

Financial instruments	Classification per IAS 39	2018 R'000	2017 R'000
Investment in Group Risk Holdings Proprietary Limited[1]	Available-for-sale	**1 937**	1 906
Amounts owing by Group companies[2]	Loans and receivables	**265 154**	327 742
Amounts owing to Group companies[2]	Loans and borrowings	**2 370 152**	2 451 328
Bank[2]	Loans and receivables	**30 809**	26 121
Bank overdraft[2]	Loans and borrowings	**250 000**	–

(1) Level 3: The value of the investments is based on Adcock Ingram's proportionate share of the net asset value of this company.
(2) The carrying value approximates the fair value.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings. The main purpose of these financial liabilities is to raise finance for the Group's operations.

The Company's financial assets comprise investments and receivables.

The main risks arising from the Company's financial instruments are interest rate, credit and liquidity. The Board of directors reviews and agrees policies for managing each of these risks, which are summarised in Annexure E.

INTEREST RATE SENSITIVITY

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on balances subject to floating rates):

	Change in rate %	Increase/(Decrease) in profit before tax 2018 R'000	2017 R'000
Cash and cash equivalents			
Cash at banks	+1	**308**	261
Bank overdraft	+1	**(2 500)**	–